

Message Text

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20-42

ACTION INT-08

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FM AMEMBASSY TOKYO

TO HICOMTERPACIS SAIPAN

SECSTATE WASHDC 7367

INFO HQ USARBCO MACHINATO/TTPI-LNO

UNCLAS TOKYO 13082

C O R R E C T E D C O P Y (ENTIRE TEXT)

EPT PASS INTEROR FOR DOTA AND OSN

HICOMTERPACIS ALSO FOR STATUS LNO

E.O. 11652: N/A

TAGS: EAID, TQ, JA

SUBJECT: MICRONESIAN CLAIMS AGREEMENT

REF: TOKYO 11990

SUMMARY: GOJ HAS COMMENTED INFORMALLY ON TTPI TENTATIVE DRAFT LIST OF PRODUCTS AND SERVICES. GOJ BASICALLY FAVORABLY DISPOSED TOWARDS LIST. GOJ REQUESTS MINOR CHANGES AND CLARIFICATIONS OF PARTS A & B OF LIST, AND INFO ON PART C PROJECTS. GOJ ALSO REQUESTS INFO ON TTPI OVERALL ECONOMIC DEVELOPMENT PLANS. END SUMMARY.

1. ON OCTOBER 5, SASAKI, DEPUTY HEAD, FIRST ECONOMIC COOPERATION DIVISION, FONOFF, CALLED IN EMBOFF TO GIVE GOJ INFORMAL VIEWS ON TTPI TENTATIVE DRAFT LIST OF PRODUCTS AND SERVICES AND TO RESPOND TO QUESTIONS EARLIER SUBMITTED BY TTPI.

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2. SASAKI BEGAN BY MAKING TWO GENERAL POINTS:

(A) GOJ EX GRATIA CONTRIBUTION IS TO BE FOR BENEFIT OF INHABITANTS OF TTPI. GOJ THEREFORE FEELS THAT IT IS DESIRABLE THAT CONTENTS OF LIST SHOULD BE CLOSELY RELATED TO OVERALL ECONOMIC DEVELOPMENT OF TTPI. GOJ REQUESTS AS MUCH INFORMATION AS POSSIBLE CONCERNING TTPI OVERALL ECONOMIC DEVELOPMENT PLANS TO ASSIST IT IN MAKING FINAL DECISION ON LIST.

(B) GOJ INTENDS TO PROMOTE FRIENDSHIP BETWEEN PEOPLE OF JAPAN AND TTPI THROUGH IMPLEMENTATION OF THE AGREEMENT. THUS, GOJ WOULD HOPE THAT EMPHASIS COULD BE PLACED ON DURABLE GOODS RATHER THAN GOODS WHICH WILL BE EXHAUSTED UPON USE.

3. SPECIFICALLY, WITH REGARD TO CATEGORY A OF DRAFT LIST, GOJ REQUESTS SPECIFICATIONS OF VARIOUS VEHICLES, I.E. SIZE, CAPABILITY AND PURPOSE. (EMBASSY ASSUMES THIS REQUEST WOULD ALSO APPLY TO ITEM 4 UNDER CATEGORY B.)

4. WITH REGARD TO CATEGORY B, GOJ HAS DOUBTS ABOUT DESIRABILITY OF PURCHASE OF PAPER AND PENCILS (PER PARA 2 B ABOVE) AND WOULD HOPE THAT A SUBSTITUTE ITEM COULD BE FOUND.

5. UNDER BOTH CATEGORIES A AND B, GOJ REQUESTS SPECIFIC DESCRIPTIONS OF ITEMS IN LIEU OF USE OF ABBREVIATION QTE ETC UNQTE. IN PARTICULAR, GOJ REQUESTS MORE COMPLETE INFORMATION ON ITEM 11 UNDER CATEGORY B, AS THIS IS A RATHER LARGE ITEM.

6. AS GOJ IS NOT NOW PLANNING TO SEND MISSION TO TTPI, GOJ REQUESTS DESCRIPTION OF VARIOUS ECONOMIC DEVELOPMENT PROJECTS PROPOSED BY TTPI UNDER CATEGORY C.

7. EXCEPT AS NOTED ABOVE, GOJ IS BASICALLY FAVORABLY DISPOSED TOWARDS DRAFT LIST.

8. SASAKI PROVIDED WRITTEN ANSWERS TO TTPI QUESTIONS.
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EMBASSY WILL POUCH COPY OF COMPLETE ANSWERS TO EACH ADDRESSEE. IN BRIEF, ANSWERS AS FOLLOWS:

A. QUESTION 1. PURSUANT TO MARCH 13 EXCHANGE OF NOTES, GOJ WILL NEED CONTRACTS FOR PURCHASES. PURCHASE ORDERS ARE NOT ACCEPTABLE.

B. QUESTION 2. GOJ IS NOT DIRECTLY INVOLVED IN CON-

TRACTS, AND ANY DISPUTES SHOULD BE SETTLED DIRECTLY WITH CONTRACTORS.

C. QUESTION 3. AS USG INDICATED WILLINGNESS TO DROP MATTER OF USE OF NI HSR FOR PROCUREMENT OFFICER'S EXPENSES, GOJ DID NOT ANSWER THIS QUESTION.

D. QUESTION 4. US SIDE MAY CHOOSE SUPPLIERS. GOJ DOES NOT OBJECT TO CONTRACTS CONCLUDED DIRECTLY WITH MANUFACTURERS.

E. QUESTION 5. LIST COULD BE AMENDED THROUGH SUBMISSION OF LETTER AND PROPOSED AMENDED LIST FROM EMBASSY TOKYO TO FONOFF, AND, UPON GOJ APPROVAL, LETTER FROM FONOFF TO EMBASSY.

F. QUESTION 6. DEVIATIONS FROM APPROVED CONTRACTS SHOULD BE SUBJECT TO CONFIRMATION BY GOJ PURSUANT TO PARA 4(2) OF MARCH 13 EXCHANGE OF NOTES.

G. QUESTION 7. THIS QUESTION WAS NOT ADDRESSED BY GOJ, BUT GOJ HAS EARLIER MADE KNOWN ITS INTEREST IN THIS POINT.

H. QUESTION 8. US SIDE MAY CHOOSE VESSELS, BUT IN CASE OF USE OF VESSELS OF OTHER THAN JAPANESE NATIONALITY, TRANSPORTATION COST, MARINE INSURANCE, ETC., SHOULD NOT BE FINANCED FROM 1.8 BILLION YEN FUND, AS THAT IS FOR PURCHASE OF JAPANESE PRODUCTS AND SERVICES.

9. CONCERNING TTPI'S QUESTION ON USE OF INTEREST ON ACCOUNT, SASAKI NOTED THAT MARCH 13 EXCHANGE OF NOTES UNCLASSIFIED

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CALLS FOR A SEPARATE ARRANGEMENT ON INTEREST USE. GOJ VIEW IS THAT INTEREST SHOULD BE ALLOWED TO ACCUMULATE UNTIL TOWARDS END OF THREE YEAR PERIOD. AT THAT TIME, GOJ AND USG COULD PROVIDE FOR ITS USE THROUGH SOME FORM OF WRITTEN AGREEMENT.

10. CONCERNING QUESTION OF POSSIBLE TTPI INABILITY TO SPEND ALL FUNDS WITHIN THREE YEAR PERIOD, SASAKI SAID FONOFF TREATIES BUREAU HAS GIVEN ITS OPINION THAT THE PROPER COURSE IS FOR TTPI TO MAKE UTMOST EFFORTS TO SPEND FUNDS WITHIN THREE YEAR PERIOD. IF AT A LATER TIME IT BECOMES APPARENT THAT TTPI WILL BE UNABLE TO SPEND ALL THE MONEY WITHIN PERIOD, BOTH SIDES SHOULD CONSULT TO SEE WHAT TO DO. HOWEVER, IN TREATY BUREAU'S VIEW, AN EXTENSION OF THE THREE YEAR PERIOD WOULD REQUIRE SOME

KIND OF AGREEMENT BETWEEN THE TWO GOVERNMENTS.

1. FINALLY, SASAKI REQUESTED THAT NEXT DRAFT LIST TO BE SUBMITTED TO GOJ BE HEADED WITH CORRECT NAME OF AGREEMENT BETWEEN TWO GOVERNMENTS RATHER THAN ABBREVIATION QTE MICRONESIAN CLAIMS AGREEMENT UNQTE AND THAT ITEMS PROPOSED FOR PROCUREMENT HAVE SAME TOTAL VALUE AS GOJ CONTRIBUTION, I.E. 1.8 BILLION YEN.

12. ACTION REQUESTED: (A) HICOMTERPACIS: WITH GOJ'S INFORMAL COMMENTS TO SERVE AS GUIDELINES, REQUEST HICOMTERPACIS (1) SUBMIT REVISED DRAFT LIST INCORPORATING REQUESTED CHANGES AND CLARIFICATIONS AND DESCRIBING PROPOSED ECONOMIC DEVELOPMENT PROJECTS AND (2) PROVIDE APPROPRIATE INFO ON TTPI ECONOMIC DEVELOPMENT PLANS.

(B) DEPARTMENT: REQUEST RESPONSE TO QUESTION POSED PARA ONE OF REFTEL.
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